

Senator James A. Reed Answers Every Objection Urged by Lamm to Gardner Land Bank Bill

Declares State Land Banks as Necessary as State Banks—Farmers Discriminated Against for Fifty Years.

At Portageville during his great speech before an immense throng, Senator James A. Reed defended the Gardner land bank bill against the assaults of Judge Lamm, Republican candidate for Governor.

Senator Reed said:
Missouri is just now witnessing the spectacle of a Republican candidate for Governor making a campaign in opposition to the establishment of a bank which will loan money to farmers on real estate security on long time and at low interest rates.

The argument of Judge Lamm, from any viewpoint, will not bear analysis. First he declares we do not need a state land bank system because the federal government is establishing a system which will meet every want of



SENATOR JAMES A. REED.

the people. If this be true, then every farmer in the United States ought to vote the Democratic ticket for the rest of his natural life.

Second, Judge Lamm spends much time and labor in endeavoring to demonstrate that the Gardner land bank bill is in conflict with article XII, section 26 of the existing state constitution.

Even if the Judge's construction of that article were correct, his contention would be utterly immaterial, because the proposed amendment to the constitution now being submitted to the people, and which will be adopted, grants the very power to the legislature which the Judge contends the present constitution withholds.

The fact, however, is that article XII, section 26, of the existing constitution has no relation whatever to land banks. It applies solely to banks of issue, and land banks are banks which loan money on mortgages, not banks which issue money. Perhaps if the Judge would read the opinion of the Supreme Court in the case of Attorney-General vs. Lincoln Trust Company, 144 Mo., 562, it might serve to brush away some of the cobwebs which are now disturbing his legal vision.

Third, the Judge broadly asserts that the Gardner bill contains certain defects and that the proposed constitutional amendment is so drawn that the defects can never be cured by any act of the legislature.

I cannot understand how a man of Judge Lamm's standing and intelligence can make such an assertion. It is directly in the teeth of the plain language of the proposed constitutional amendment. I quote the section in full:

"Section 1. The general assembly is hereby empowered to enact a special law to create a corporation to be known as the Missouri State Land Bank, with power to make loans on notes secured by deeds of trust or mortgages upon agricultural lands, and to issue debenture bonds against the same with all suitable and incidental powers. And to enact other special laws at the same session or at other sessions of the general assembly to amend and improve the said act, or to supply omissions or correct defects therein."

What does Judge Lamm mean by saying that the land bank bill cannot be amended, when the constitutional amendment expressly authorizes the general assembly "to enact other special laws at the same session, or at other sessions of the general assembly to amend and improve the said act, or to supply omissions or correct defects therein." A man does not have to be a highly technical lawyer to understand that language. A pettifogger can understand it. A common, plain, ordinary citizen who knows the English tongue can understand it. A child 8 years old has enough sense to know that when the constitution declares that the legislature shall have a specific and particular power it does thereby acquire and possess that power.

It is time for Judge Lamm to retract his criticisms and give the people the benefit of the truth. If Judge Lamm had ever written opinions upon the bench as utterly at variance with law and fact as his present prejudiced political opinion he would have been impeached before he had been in office six months. I excuse the Judge, whom I respect highly, upon the ground that he has been so busy trying to keep Dickey from lifting his judicial and political scalp that he has not had time to read either the Gardner

the purpose of gathering some political advantage.

The constitutional amendment ought to be supported by every man regardless of politics or place of residence. The Gardner bill received an almost unanimous support from the members of all political parties when it was submitted to the Missouri general assembly. Although the measure originated in the brain of a Democrat, Frederick D. Gardner, and was introduced in the general assembly by a Democrat, it was generally supported by all of the Republicans, 45 of the 65 Republican legislators voted for the bill, six being absent.

It has been warmly advocated by farmers' organizations and societies.

The principles upon which the Gardner bill is founded have been endorsed by financiers and by great statesmen.

Land banks are not experimental. The first land bank was created by Frederick the Great, Prussia, with a population with but five and one-half million had for seven years maintained a war against nations containing a population of 108,000,000. When Frederick the Great emerged triumphant from that contest he found his fields devastated, his cities in ashes, the very roofs of the farm houses were gone. The farmers were without seed, cattle or horses. In the mighty brain of Frederick the Great was conceived the notion of a great land bank which would refinance the farmers and re-vivify agriculture. He turned over to his peasant soldiery the cavalry and artillery horses of the army. He gathered all available means and organized a great land bank system called the Landbank. From it farmers secured at low rates of interest money with which to buy cattle to restock their farms, and seed to sow their fields. Within a few months' time the hills and valleys of Prussia were yielding bountiful crops and the impoverished people of Prussia found themselves upon that highway of prosperity which they have continued to travel to this day. The bank Frederick the Great founded still stands. Similar banks have been established in practically all other European nations.

The truth is, the land bank system has been tried and demonstrated to be a wonderful success. A student of history will find no difficulty in arriving at the conclusion that much of the strength, resourcefulness and greatness of the German empire today is due to that agricultural prosperity which was made possible by the creation of the land bank.

Under the present law, if a farmer owns a piece of ground worth \$100,000 it will probably be assessed at approximately 40 per cent, or \$40,000. If the tax levy for state, county and school purposes is 40 cents on the \$100, then the total tax against the land is \$160.

Now, if the owner mortgages this property for one-half its value he still is obliged to pay the \$160 tax, although his equity in the land is only 50 per cent.

Now, suppose that the owner applies for a mortgage loan on his ground for \$50,000. The man who is to loan the money understands that when he has secured his mortgage he will be compelled to pay a tax thereon, and probably be compelled to return his mortgage at its full face value. He, therefore, knows he will be compelled to pay \$200 of taxes on his mortgage. Accordingly, in making the loan he will figure that he must add to the interest rate he would otherwise charge the amount of taxes he is compelled to pay. If the tax rate is 40 cents on the \$100, then the tax on his mortgage will be \$200, and he is certain to add that amount to the interest charged the farmer. So that the land must bear the straight taxes on the land of \$160 and the tax on the mortgage, which is added in by way of interest, amounting to \$200, a total of \$360.

But under the Gardner bill the holder of the mortgage bond will not be obliged to pay any tax. Therefore, the land, instead of being forced to bear a burden of \$360, will bear only a burden of \$160. In a word, the present system imposes a double taxation upon the land that is mortgaged. The Gardner bill proposes that only one tax shall be laid upon the land. Therefore, instead of the Gardner system being in the direction of a single tax, its effect is diametrically the opposite.

In order to avoid this, of course, Judge Lamm may claim that in making loans the lender does not stop and figure up the taxes and add them to the interest charges; but everybody knows that the man who loans money figures on the net return to himself, and if the tax rate upon his mortgage is light or heavy he takes that fact into consideration in making the loan; so that, as a general proposition, it may be truthfully said that the borrower of the money pays the taxes upon the mortgage through an increase of interest charges.

Judge Lamm contends that the creation of a land bank is a discrimination in favor of a class, to-wit the farmers. To the contention there are three complete answers:
First, I shall answer the Judge out of his own mouth. He declares that the national land bank system is a good thing. He puts the seal of his august approval upon that act. Yet the national land bank is in every one of its prime essentials exactly the same as the Gardner land bank. How can the Judge in one breath commend the national legislation which establishes a national land bank scheme as a fair and just law and in the next breath declare that another law, exactly similar in its general characteristics, is discriminatory?

Second, the duty of the government always has been to furnish the banking machinery necessary for the proper conduct of the business of the country. In pursuance of this duty we more than 50 years ago established a national banking system, but confined its activities to commercial business and denied to national banks the right to make real estate mortgage loans. The Gardner bill and the federal land bank bill simply propose to give to the farmers a privilege which for 50 years has been granted to all other lines of business but denied to the farmer upon the chief class of security he had to offer.

Third, it is impossible to benefit the farming class without at the same time benefitting the country at large and every individual citizen thereof.

The truth of the whole matter is that Judge Lamm has placed himself in opposition to remedial legislation which will work inestimable benefit to the agricultural classes of Missouri. He undoubtedly plunged in without having taken proper soundings. He is beyond his depth. His opposition to this progressive legislation shows him to be the last man the state ought to place in charge of its business affairs.

Land bank bills mark the beginning of a new era in America. They do not undertake to give aid by doing violence to the laws of trade and commerce. They do not seek to benefit the farmer at the expense of other classes, but they do furnish to the farmer without loss or cost to the rest of the community a means by which he can readily and cheaply secure the capital with which to carry on his enterprise.

No man should be so ambitious to hold office as to be willing to oppose a great forward movement simply for

Is the United States Senatorship for Sale?

Two men are contending for the honor of representing Missouri in the United States senate. Senator Reed is being opposed by Walter S. Dickey of Kansas City.

Dickey is a multi-millionaire.

He is distinguished alone for his ability to make money.

He is the head of a great number of sewer pipe and tile factories, located in various parts of the United States.

His holdings are so extensive that in the middle west he virtually dominates the market, and fixes the prices which the farmer and builder must pay for tile and drain pipe, and other clay products. He has been very active in securing the use of his materials in cities, and has had many fat contracts, and has accumulated an enormous fortune.

Dickey now desires to go to the United States senate. If he did not have the money he would not be thought of in connection with any important office.

The irony of his race against Reed is a fine example of the irony of politics.

When President Wilson declared there was a lobby infesting Washington, Reed was practically selected as the lawyer of the investigating committee. He went to New York and secured possession of the celebrated Mulhall letters, which disclosed the indubitable evidence that:

(1) A lobby existed in Washington.

(2) That its head was a concern bearing the misnomer "National Manufacturers' Association."

That institution kept regular offices in Washington, and employed the notorious Mulhall, and other agents to carry out its evil purposes. It spied upon members of congress. It opposed all remedial legislation, especially that intended for the benefit of the laboring classes. It sent its money and its agents into congressional districts for the purpose of corrupting and misleading the electorate.

The investigation of the institution disclosed such outrageous practices that public opinion compelled it to close its lobby office, and move out of the capital.

Reed's work was so forceful that the President personally congratulated him upon it.

And now appears the irony. The Walter S. Dickey Clay Manufacturing Company (which is in fact the Hon. Walter S. Dickey's business name) was a member of the lobby that operated under the name of the "National Manufacturers' Association."

Missourians are now presented with the spectacle of a member of the lobby which Reed drove out of Washington contesting for Reed's seat in the senate. Let the people decide the question.

Dickey's money is being extensively used to promote his candidacy.

In nearly every county paper you will find during this campaign the first insertion of an expensive advertisement of Dickey's products, and generally in the same paper will be found effusive editorial praise of Walter S. Dickey, the candidate.

The device of paying for political support under a pretext of advertising is very old, but it probably will be found to be within the provisions of the federal corrupt practices act.

However that may be, let the people know the facts.—Hannibal Morning Journal.

46 TRADE MARK REGISTERED

THE DEADLY PARALLEL

The people of Missouri have the right to judge of the promises of the Republican party by its performances in the City of St. Louis, where the Republicans, for many years in undisputed control of the city government, have had every possible chance to carry out their ideas of efficiency and economy. Read and compare. Let the records speak.

A TALE OF TWO GOVERNMENTS

DEMOCRATIC

1. The State of Missouri is ruled by Democrats.
2. The Democratic State government costs less per capita than any other state government.
3. Missouri controls over three million people.
4. The State expends but \$5,981,134 per year.
5. The cost of the State government per year is only \$1.81 per capita.
6. About seven per cent of the income of the State government goes for salaries.
7. The entire pay roll of the State of Missouri amounts to less than one million dollars.
8. The Democratic State government paid off a bonded debt of \$40,000,000, left by Republicans, and it did so while reducing the State tax levy from fifty down to fifteen cents.
9. The State five years ago voted \$3,500,000 for a new capitol. The capitol is almost finished and will be completed within the appropriation.
10. Out of its state revenues the Missouri government has created and maintained a university and five normal schools, and maintains the largest permanent school fund in the Union.

REPUBLICAN

1. The city of St. Louis is ruled by Republicans.
2. The Republican city government of St. Louis costs more per capita than any other city government in the United States.
3. St. Louis controls about 750,000 people.
4. St. Louis expends \$10,500,000 per year.
5. The cost of the St. Louis city government per year is \$14.00 per capita.
6. Seventy-five per cent of the enormous income of the City of St. Louis is frittered away in salaries, as shown by the City Comptroller's report.
7. The City of St. Louis throws away one million dollars per year in salaries paid to useless clerks declared by the Chairman of the Efficiency Board to be wholly unnecessary.
8. The Republican city government has steadily increased the bonded debt of St. Louis, while just as steadily increasing the tax rate.
9. St. Louis nearly ten years ago voted \$3,500,000 for a free bridge. The bridge has already cost nearly \$7,000,000, is not nearly finished and the end of the cost is not in sight.
10. Out of its city revenue St. Louis has never created or maintained a university or a normal school; has never created or maintained a permanent school fund, and now finds a \$3,000,000 bond issue necessary for school purposes.

Mr. Taxpayer, this hits you. How do you like the comparison? Which government do you prefer? Think it over—and cast your vote for Democracy, for economy, for efficiency, for

GARDNER AND A GREATER MISSOURI

Spirit of the Administration

In my experience with United States Congresses during two score years I have not seen anything like the fine spirit toward labor, toward the rights and welfare of all the people, pervading all the branches of the Wilson administration. Labor has been recognized neither in the spirit of deference on the one hand, nor of patronage on the other.

But the spirit of recognition has been the right one: that labor should be made part of the National Council; that its patriotism should be conceded, and that its knowledge of its own needs should give it paramount voice in legislation directly and peculiarly affecting its own rights.

This fundamental right spirit has guided the Wilson administration to wise and righteous labor legislation. Because of that spirit and its results in definite laws and policies, how can liberty-loving Americans loyal to the Republic and its ideals fail to sustain an Executive who has done so much for their realization?

SAMUEL GOMPERS, President American Federation of Labor.

Washington, D. C., August 25, 1916.